

3 February 1954

Diversion Control Net Meeting - 2 February 1954

Present: Tillson, Knoll, Coster and Farrell

- A. The subject of the correlation of cases by the DCN was presented and reference was made to lists previously compiled by CIA. The question was presented as to whether further action had been taken on this list particularly in regard to reducing the information to cards. The reply was made that this was still in the formative stage and was being considered and worked on, that this represented a considerable volume of work of a secretarial nature and also reworking the cases to provide source information. All present agreed that a single source reference would be sufficient on past cases and that new cases initiated could perhaps contain more complete source material. It was suggested that something be done to push forward the action aspect of the DCN operation and the following was agreed:

1. Mr. Tillson would prepare an agenda for cases to be discussed at each meeting and this agenda would be distributed not later than Friday preceeding the meeting. Anyone of the members having a case to be discussed would submit this information to Mr. Tillson prior to that date. This would not preclude discussion on other cases not submitted. Discretion should be used to present only those cases most needful of consultation as time is a limiting factor on the number of cases that can be discussed.

2. It was suggested and agreed that Mr. Knoll would check his list of 57 cases currently carried and eliminate those which do not appear to be current. He will then advise CIA of the cases which he considers current in order that CIA may correlate their cases with his. This list would then be discussed (perhaps at a separate meeting) and those believed by the group to be sufficiently important to be followed would be numbered and represent the nucleus of the DCN correlation of cases.

- B. Mr. Tillson stated that consideration should be given to establishing a method for reporting to the Executive Committee. He suggested that his secretary keep a current form with each case showing the progress of the case and requested each member to give thought to the format to be used.

The request was made that Mr. Knoll and Mr. Coster provide CIA with information as to the action taken on material submitted to them by CIA as evidenced by lists which had been provided them. Mr. Knoll said that he would provide this information. It was requested that this be available by next meeting at the latest.

- C. The subject of the advisability of a study being made of materials (IL 2 and lower) sent to the Bloc (Gdynia) and from there being redirected to China was discussed. Apparently adequate information is available on this from shipping information in Antwerp and intercepts in Bonn (?).

DOS & DOC declassification & release instructions on file

Suggestion was made that it be presented to IWG for action. No decision was reached on this other than that it was not a direct problem of the DCN.

D. The three cases tabled at the previous meeting were discussed. Case a. concerning report of US goods unloaded at Fiume (Rijeka) for the Bloc was reported on by Mr. Coster who stated the source of the report was being checked for further and more definite information. Nothing further was reported on the other two cases.

E. Three copper cases and one tank motors and spare parts case on which Mr. Coster had requested consultation with CIA were discussed. Decisions were reached as to our action on the three copper cases which information has been given to [REDACTED]

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The tank motor and spare parts case which Mr. Coster had been following relative to SREM, Italy was augmented considerably with information which CIA [REDACTED] had developed relative to Travnicsek, Rome; Hector MacNeal & Co., London and Zurich; and Rudolf Schmid, Zurich manager of MacNeal. Appropriate references were given to Mr. Coster who requested the clearance of a CS relative to this [REDACTED] Mr. Coster requested that [REDACTED] consult with him on this case after he (Coster) had secured the referenced material. He will call [REDACTED] to arrange a meeting.

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The discussion of the copper cases which were all PD information brought out the following questions which were discussed at some length.

1. What action can overseas agencies take when they receive material classified Information - US Officials Only and Investigation - US Officials Only. It was the opinion of Mr. Coster that the phrase US Officials Only precluded the possibility of State officials overseas taking any great degree of effective action even although Investigation is stipulated. Can they contact the foreign governments when that phrase is appended? Can they refer to names mentioned in the information and the details of the transaction when referring to foreign governments? When referring to sources other than governmental? It was hoped that some further explanation of the liberties that may be taken with information so classified could be evolved.

2. Definition of what investigations should be undertaken by CAS and what by State. When a PD or other CIA communication is received and further information is desired concerning a name mentioned in the communication should it be requested through [REDACTED] State?

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3. What information can be provided thru ONI. Can ONI be used to secure [REDACTED] It was presented that this might be a faster and more appropriate (in the case of Chile for example) way of securing this information. Can ONI secure [REDACTED] at the Panama Canal? If not could it be arranged? Mr. Coster suggested that collection of this information relative to copper on a routine basis would provide a valuable compilation of copper going to

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Nord-Deutsche refinery and this compared with their reported output would provide a valuable check on possible diversion. Mr. Coster believed that Mr. Hunter had done this sort of thing before and questioned whether he at present collects this information routinely.

4. It was suggested that if it met with CIA approval it would be valuable to include in our letters of transmittal of PD information such questions as might appear to us to be important to direct to the field. These could be phrased as suggestions. All present agreed that this would be very helpful.

5. It was suggested that it might be possible to discuss the advisability of further dissemination of CAS information in the DCN meetings before undergoing the clearance problem and clerical work necessary if this would be of assistance to CIA and could be arranged.

F. Mr. Coster and Mr. Knoll discussed at some length the necessity for being very selective in the cases to be followed. Their problem is the apparent one (which we will also undoubtedly face if we are not already facing it) of only having so many hands. They feel that they are faced with the practical necessity of having solid well documented cases to present as the output of this effort and hope to accomplish this (miracle) by careful selection. It was my feeling that we are also to follow the more nebulous cases until they put on weight or die of starvation.

HGFARRELL:end
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